



Advantages of the Georgia State Charter

One of the strengths of the credit union movement is the versatility and flexibility of the dual chartering system. Credit unions can be chartered by state governments or by the National Credit Union Administration (NCUA).

State charters, those chartered through their state governments as opposed to the National Credit Union Administration (NCUA), often hold several advantages such as local supervision, broader membership options, lower operating fees, and more expansive investment and member business lending authorities.



Bo Fears, Commissioner

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Experienced Governance from Atlanta

Georgia's state-chartered credit unions are subject to state laws and regulations, including [O.C.G.A. Title 7](#) which outline the authorities and responsibilities of both the [Department of Banking and Finance \(DBF\)](#) and its Commissioner. Georgia state-chartered credit unions are specifically authorized under [O.C.G.A. Title 7, Ch.1, Art. 3](#) which also enumerates their statutory authorities. DBF is charged with the examination and regulation of state-chartered credit unions. These laws have been enacted to meet the specific needs of Georgia's citizens. The state legislature approving these laws oversees the state regulatory authorities and are sensitive to state-wide needs while receptive to their citizens' concerns.

Under [O.C.G.A. § 7-1-61](#), the DBF may adopt regulations necessary to administer the provisions of the general statutes within their jurisdiction. [O.C.G.A. § 7-1-663](#) outlines specific rulemaking authority related to the statutes involved in supervising state-chartered credit unions. All DBF issued rules are found under [Georgia Rules & Regulations \(GA R&R\) Chapter 80](#). Credit Union specific rules can be found in [GA R&R Chapter 80-2](#).

DBF also provides important [guidance](#) on their website through declaratory rulings, orders or Attorney General Opinions, as well as a monthly newsletter called the [Financial Institution Bulletin](#).

The DBF has been continuously [accredited](#) by NASCUS since 1996. Accreditation is given to state supervisory agencies who can demonstrate they meet strict standards of comprehensive regulation supported through sound policy and capable examiners.

State-based Supervision: Local, Responsive, and Timely Decision Making

State-chartered financial institutions have access to local decision makers in Georgia who are familiar with their unique marketplace and competitive environment. Decision makers in the Atlanta office and field offices located around the state are easily reached for timely responses to questions and concerns. Examination staff live in the districts where they work and are familiar with the local markets and communities.

The DBF's culture promotes decision making by staff that have first-hand knowledge of the financial institutions but with quick access for escalation to the Commissioner, when necessary, to ensure responsive and timely action on issues of concern.

The DBF Commissioner believes all financial institutions deserve right-sized regulation and supervision scaled to their size, complexity, and risk profile. Supervisory activities of the Department are conducted in coordination with federal and other state regulators, as applicable, through joint examinations and interstate cooperative agreements to deliver a seamless supervisory experience that minimizes duplication and regulatory burden.

With local access to the Commissioner, DBF staff, state legislators, and the Governor, state-chartered credit unions have a greater opportunity to affect credit union policy and provide input into their governance than federally chartered credit unions.

Ensuring Competitiveness and Authorization for New Authorities and Powers

Georgia state-chartered credit unions are provided the general authorities of a corporation and credit union specific authorities under [O.C.G.A. § 7-1-650](#). State-chartered credit unions frequently enjoy powers that equal or exceed those available to federally chartered credit unions.

The Georgia General Assembly specifically outlined among the objectives of the Department as ensuring “appropriate competition among financial institutions and between them and other financial organizations including those organized under the laws of the United States, other states, and foreign countries” under [O.C.G.A. § 7-1-3\(a\)\(6\)](#) and to maintain modern and simple laws governing banking under [O.C.G.A. § 7-1-3\(a\)\(9\)](#). The Commissioner’s role to ensure competitive parity for credit union’s and their subsidiaries is further outlined in [O.C.G.A. § 7-1-61.1\(b\)](#). Finally, the General Assembly recognizes financial institution management should be afforded a fair opportunity to exercise their business judgement until such time a safety and soundness, asset conservation, or public confidence issue is present.

To maintain competitiveness of the state charter, the DBF routinely reevaluates laws and regulations, in coordination with the industry and federal regulatory peers, to identify opportunities to expand powers or reduce unnecessary regulatory burden. [O.C.G.A. § 7-1-671](#) provides that a state-chartered credit union may exercise any power available to a similar federally chartered credit unions so long as the credit union provides advance notice, and the Department offers no objection to the exercise of such power.

Field of Membership Flexibility

Georgia state-chartered credit unions have a wide array of field of membership choices and can combine multiple fields of membership options. Under [GA R&R 80-2-8-.01](#), Georgia state-chartered credit unions are not limited to a single community or SEG based fields, but can combine more than one common bond into their field of membership. [O.C.G.A. § 7-1-630\(b\)](#) broadly defines common bond as:

“that specific relationship of occupation, association, or interest; residence or employment within a well-defined neighborhood, community or rural district; employees of a common employer; or members of a bona fide cooperative, educational, fraternal, professional, religious, rural, or similar organization which tends to create a mutual interest between persons sharing the relationship.”

Board Member Compensation

Georgia state-chartered credit unions may reasonably compensate board members under [O.C.G.A. § 7-1-632.1](#) and [O.C.G.A. § 14-3-812](#). Duties and responsibilities for state-chartered credit union boards and their members are found throughout the Code but many specifics are outlined in [O.C.G.A. § 7-1-655](#), [O.C.G.A. § 7-1-656](#), and through the application of [O.C.G.A. § 7-1-490](#).

Tax Exemption

Under the Provisions of [O.C.G.A. § 7-1-622](#) credit unions regulated by the state of Georgia are exempt from all state and local taxes except those on real property.

Broad CUSO Activities Authority

Georgia state-chartered credit unions may invest in CUSO-related investments under [GA R&R 80-2-9-.01](#) and form or participate in the formation of a CUSO under [80-2-4.03\(1\)](#) that perform activities including:

- (a) offering third-party payment services;
- (b) holding real estate;
- (c) acting as a financial planner or investment advisor;
- (d) offering a full range of investment products;
- (e) exercising powers incidental to financial activities provided in [O.C.G.A. § 7-1-650](#); and
- (f) exercising powers determined by the Commissioner to be financial in nature or incidental to the provision of financial services.

These CUSOs must remain consistent with the broad objectives found in [O.C.G.A. § 7-1-3](#) which includes safety and soundness, conservation of assets, public confidence, protection of stakeholder interests, service to the members and competition among and between financial institutions while providing credit unions flexibility, appropriate opportunity to exercise business judgement, and simplification and modernization of the law.

Greater Investment Authority

Georgia state-chartered credit unions have broad investment authorities as prescribed in [GA R&R 80-2-9-.01](#), including the ability to invest in some FCU impermissible investments such as corporate paper. Under a 2023 review, DBF increased the individual CUSO investment limit to 25% of net worth under [O.C.G.A. § 7-1-650\(4\)](#). Further, 2023 amendments to [80-2-4.03\(4\)](#) provide that investments by credit unions in CUSOs of less than 10% of net worth do not require prior approval from the Department.

Loan Flexibility

Georgia state-chartered credit unions are permitted significant flexibility in credit terms to design loan products meeting their membership’s needs and risk profiles and allow potentially higher secured statutory legal lending limits as prescribed in [O.C.G.A. § 7-1-658](#).

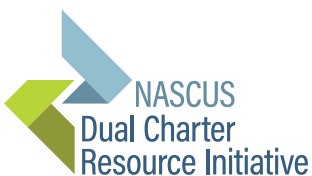
Lower Operating Fees

The annual assessment levied on Georgia state-chartered credit unions is typically lower than the fees charged by the National Credit Union Administration. Despite the low cost, the department provides comprehensive and reasonable regulation to the credit unions under its jurisdiction. The DBF’s prescribed fee schedule is published under [GA R&R 80-5-1-.03](#) and [80-5-1-.06](#).



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